

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 19485 160839Z
ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /097 W
----- 024426 /13

R 160732Z DEC 76
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 3993

LIMITED OFFICIAL USE MANILA 19485

E.O. 11652: N/A
TAGS: ENRG, RP
SUBJECT: SECOND CITIES SERVICE EXPLORATORY WELL OFFSHORE IN
NORTHWEST PALAWAN DISAPPOINTING

1. THE ENERGY DEVELOPMENT BOARD ISSUED THE FOLLOWING DRILLING
REPORT ON THE NORTH NIDO I DRILLING OPERATIONS:

QUOTE:

"PHILIPPINE CITIES SERVICE HAS JUST COMPLETED ITS TESTING PROGRAM
AT THE NORTH NIDO I WELL. ALTHOUGH INITIALLY THE TEST ENCOUNTERED
A GOOD OIL SHOW AT THE TOP OF THE LIMESTONE REEF, THE RESULTS
INDICATE THE PRESENCE OF A LIMITED OIL ACCUMULATION.

"ONE POSSIBLE INTERPRETATION OF THE TEST DATA IS THAT A LARGE
ACCUMULATION MAY HAVE PRESENT IN PAST GEOLOGIC TIMES BUT HAS RE-
MIGRATED DUE TO SUBSEQUENT TECTONIC MOVEMENTS.

"THIS INTERPRETATION, ALONG WITH OTHER SEVERAL POSSIBILITIES,
ARE PRESENTLY BEING EVALUATED BY THE OPERATOR, PHILIPPINE CITIES
SERVICE.

"THIS CONTINUING INTERPRETATION OF THE TEST DATA IS NECESSITATED
BY THE EXISTENCE OF OTHER POTENTIAL HYDROCARBON BEARING TRAPS.
PRESENT OPERATIONS NOW INCLUDE PLUGGING THE WELL IN ACCORDANCE
WITH SOUND-OIL FIELDS PRACTICE.

"FUTURE EXPLORATION ACTIVITIES INCLUDING DRILLING WILL BE
SUBJECT TO THE OUTCOME OF THE DATA REVIEW." END QUOTE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 19485 160839Z

2. THIS WELL HAD BEEN TOUTED AS THE "CONFIRMATORY WELL" TO THE CITIES SERVICE/ORIENTAL PETROLEUM "OIL DISCOVERY" IN THE NIDO COMPLEX OFFSHORE IN NORTHWEST PALAWAN THAT RECEIVED SUCH FANFARE LAST MARCH.

3. THE LOCAL OIL INDUSTRY IS DEPRESSED ABOUT THIS TURN IN EVENTS, AND THE STOCK MARKET PRICES FOR THE LOCAL FIRMS INVOLVED IN THE CONSORTIUM REFLECT THAT TREND. HOWEVER, THE RESULTS OF THIS DRILLING OPERATION AS WE KNOW THEM ARE CONSISTENT WITH PREVIOUS OFF-SHORE PALAWAN DRILLING IN THAT THERE WERE POSITIVE OIL SHOWS. THE CONSENSUS OF OPINION OF THE EXPATRIATE OIL PEOPLE STILL REMAINS THAT "THERE'S OIL THERE SOMEWHERE, ITS JUST A MATTER OF FINDING IT IN COMMERCIAL QUANTITIES".

4. INDEED, THERE IS A RATHER FAR OUT, AND POSSIBLY SELF-SERVING, RUMOR AMONG PHILIPPINE OIL PEOPLE THAT THE TEST RESULTS FROM NORTH NIDO I WERE MUCH BETTER THAN REPORTED. THE GOP SUPPOSEDLY SUPPRESSED GOOD NEWS ON OIL IN PALAWAN AT THIS TIME BECAUSE OF ON-GOING NEGOTIATIONS WITH THE MNLF IN LIBYA; OTHERWISE, THE MNLF SOULD ALSO INSIST ON PALAWAN IN ITS DEMANDS.

5. WE BELIEVE THE SHORT STATEMENT GIVEN BY CITIES SERVICE REPRESENTATIVE TO EMBOFF BEST SUMS UP DRILLING RESULTS. "WE DID NOT HIT WHAT WE WERE LOOKING FOR". WE WILL KNOW MORE WHEN/IF CITIES SERVICE DECIDES TO GO AHEAD WITH THE THIRD WELL PRESENTLY PROGRAMMED FOR MARCH/APRIL 1977.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, REPORTS, EXPLORATORY DRILLING
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANILA19485
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760462-1286
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761237/aaaabfzl.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUN 2004 by buchant0>; APPROVED <30 SEP 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECOND CITIES SERVICE EXPLORATORY WELL OFFSHORE IN NORTHWEST PALAWAN DISAPPOINTING
TAGS: ENRG, RP, PHILIPPINE CITIES SERVICE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006